



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Robert L. Morgan
Executive Director

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Division Director

J.
m/37/012

June 14, 2002

CERTIFIED RETURN RECEIPT

7099 3400 0016 8895 5316

Tony Wetz, Director of Project Development
International Uranium (USA) Corporation
Independence Plaza, Suite 950
1050 Seventeenth Street
Denver, Colorado 80265

Re: Time Extension Request for Five Year Review Information, International Uranium (USA) Corporation, Rim-Columbus Mine, M/037/006, Pandora Mine, M/037/012, La Sal-Snowball Mine, M/037/026, Hecla – White Mesa Mine, M/037/043, Redd Block Four, M/037/046, San Juan County, Utah

Dear Mr. Wetz:

The Division has received your request for an extension of the June 10, 2002, deadline for submitting information on the above-mentioned mines. We understand the difficulty in assembling this amount of information in a short period of time. As stated in our letter requesting this information, because IUC requested an extension of the ten year suspension rule, updated information is needed to assess the adequacy of the bonds presently being held for these facilities. The Division hereby grants IUC's request for an additional 60 days to provide the requested information by August 10, 2002.

We are also in receipt of a letter from IUC requesting an "Extension of Suspension of Mine Operations." IUC needs to make a formal Request for Agency Action to come before the Board to request this extension. Under Rule R647-4-117.4 "The Division will require complete reclamation of the mine site when the suspension period exceeds 10 years, unless the operator appeals to the Board prior to the expiration of the 10-year period and shows good cause for a longer suspension period."

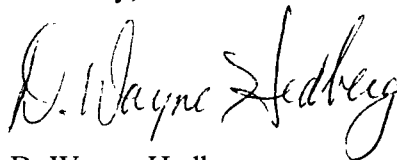
We are encouraged to hear that IUC is in the process of updating the maps of these sites. Up to date information will be needed to provide the Board with an accurate picture of the

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Tony Wetz
IUC Mine Sites
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amount of disturbance and the existing conditions at each site. Once this information is received, the Division will inspect each mine site to assess the information provided and the environmental stability of each site. A GPS survey will also be made of each site to assure that the present bond covers the amount of disturbance at each site. IUC will need the information gathered by the Division for IUC's presentation to the Board. This will allow the Board to gain a clear understanding of the ramifications of allowing the sites to remain unreclaimed for an additional period of time.

Thank you for your timely response to our request. If you have any further questions regarding this letter or need guidance regarding the Request of Agency Action, please contact me or Doug Jensen at (801) 538-5286 and 538-5382, respectively. A sample Request for Agency Action form is attached for your reference.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly legible.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachment: Sample RAA
O:\M037-San Juan\InternationalUranium\final\extension-req.doc

EXAMPLE

FILED

APR 22 2002

SECRETARY OF
OIL, GAS & MINING

**BEFORE THE BOARD OF OIL, GAS, AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

**IN THE MATTER OF THE REQUEST
FOR AGENCY ACTION OF
AMERICAN GILSONITE COMPANY
FOR APPROVAL OF SELF-BONDING/
ESCROW AGREEMENT PROPOSAL
FOR ITS MINING OPERATIONS
LOCATED IN UINTAH COUNTY,
UTAH**

**AMENDED REQUEST FOR
AGENCY ACTION**

DOCKET NO: 2002-005

CAUSE NO: M/047/010

American Gilsonite Company ("AGC") by and through its attorneys, Pruitt, Gushee & Bachtell and Ted Stevens, hereby petitions the Utah Board of Oil, Gas & Mining ("Board") for approval of a self-bonding/escrow agreement to cover that portion of AGC's current reclamation obligations not covered by an existing reclamation bond.

STATEMENT OF MATERIAL FACTS

1. AGC is an Oklahoma corporation in good standing and is qualified to conduct business in the State of Utah.
2. AGC owns, mines and processes Gilsonite ore near Bonanza, Utah. AGC and its predecessors have mined Gilsonite in that area since the early 1900's.
3. The Utah Mined Land Reclamation Act, UCA Sections 40-8-1 *et. seq.*, (the "Act"), requires that upon permanent cessation of mining operations, the operator shall complete reclamation of the mine site. Further, the Act and the Rules adopted

REQUEST

AGC Requests Approval of a Self-Bonding Agreement for the Remaining Amount of \$189,100 Which Will Be Supported By an Escrow Account as Collateral

14. Utah Code Ann. Section 40-8-14(3) and governing regulations, authorize self-bonding agreements with Board approval. In making its decision on a self-bonding proposal, the Board is to consider the Operator's financial status, its assets within the State, its past performance in complying with contractual agreements and the facilities available to carry out the reclamation work. The Division also has certain qualifications that, although not established by regulation, it typically uses as guidelines for evaluating a self-bonding proposal and advising the Board as to the advisability of approving the self-bonding agreement.

15. Upon our review and discussion with Division staff, AGC has determined that it does not meet all of the Division's typical criteria for a self-bond. Nonetheless, working creatively with Division staff, AGC believes that its proposal for self-bonding for this limited portion of its reclamation liabilities deserves approval by the Board.

16. AGC's financial situation is strong and vastly improved over recent years. AGC's business is remarkably diversified for a company of its size, contributing to the stability of AGC's financial condition. *See* Petitioner's Exhibits A-C.

17. AGC proposes to supplement the self-bonding agreement by establishing an escrow account as collateral. AGC has also reclaimed specific mine sites, which are

PRAYER FOR RELIEF

AGC respectfully prays for the following relief:

1. Board approval of a self-bond in the amount of \$189,100 to meet that portion of AGC's reclamation obligations not covered by existing bonds:
2. Board approval of the Escrow Agreement prayed for herein, with an initial down payment of \$47,275 and additional annual payments of \$47,275 for three years, as collateral for and timely replacement of the self-bond agreement.
3. For such additional relief as the Board deems proper under the circumstances.

Respectfully submitted this 9th day of April, 2002.

PRUITT, GUSHEE & BACHTELL



A. John Davis
1850 Beneficial Life Tower
Salt Lake City, UT 84111
Telephone: (801) 531-8446

Ted Stevens
Vice President and General Counsel
American Gilsonite Company

Attorneys for American Gilsonite Company

Address of Petitioner:

American Gilsonite Company
2400 Sand Hill Road Suite 201
Menlo Park, CA 94025
Telephone: (650) 233-7166

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